

## Medicaid

### *Copayments and Premiums*

The Deficit Reduction Act will allow states to charge higher copayments and premiums to Medicaid beneficiaries. If a certain number of states do this, the Congressional Budget Office estimates the federal government will save \$3.2 billion over 5 years.

**The copayment and premium provisions are state options.**

If states choose not to enact any copayments or premiums, the federal government would not save any money. If states enact them, premiums and cost-sharing cannot exceed 5 percent of a family's income, applied on a quarterly or monthly basis.

### *Asset Transfers*

The federal government will save \$2.4 billion over 5 years from changes to the asset transfer rules for Medicaid nursing home care.

**This provision is designed to prevent wealthier seniors from transferring assets to their children specifically so they can get their nursing home care paid for by the taxpayers through Medicaid.**

Contrary to claims made about the provision, a senior cannot be penalized if the transfer is not intended to help qualify for Medicaid.

Even if a senior cannot show the transfer was for a non-Medicaid purpose, the bill codifies existing "hardship" procedures so that care will not be denied.

An example of this would be if a grandmother transfers assets to her grandchild to pay college tuition, under the Deficit Reduction Act, she would not lose Medicaid benefits under the "hardship" rule.